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SENATE SELECT COMMITTEE ON INTERNATIONAL TRADE POLICY AND STATE LEGISLATION

SENATOR
LIZ FIGUEROA
CHAIR

July 23, 2003



The Honorable Nancy Pelosi
House Democratic Leader
2371 Rayburn HOB
Washington, D.C. 20515

Dear Congresswoman Pelosi:

We are writing to express our concerns about the Singapore and Chile Free Trade Agreements and to urge your no vote when they come before you in Congress. As California State elected officials, and as Chair and member of the Senate Select Committee on International Trade Policy and State Legislation, we are deeply concerned that as currently written, these trade and investment agreements could have deep and far reaching impacts on our law making authority. There is no question of our State's profound economic interest and long-standing commitment to international trade. However as the scope of trade agreements expands beyond tariffs and quotas to those involving the ways in which we regulate the environment, food and water and human rights and labor protections, state actions have increasingly fallen within the scope of these new trade rules. This disrupts the traditional plenary power of the states in our federal system as the principle guardians of the health, safety and welfare of our citizens and undermines more than two centuries of American constitutional values.

Of specific concern to us in the Chile and Singapore FTA's are the inclusion of the troubling NAFTA investor to state provisions which provide private foreign investors extraordinary powers to challenge legitimate government actions when the profits of such investors are diminished by state or local environmental laws, consumer protection statutes or judicial decree. This provision exists in these agreements in spite of the Trade Act of 2002, which directed trade negotiators to ensure that foreign investors were given no greater rights than U.S. investors. However, current investment language falls short of this benchmark by containing large loopholes which allow these investor protections to still stand.

In addition, the new visa category created by the Chile and Singapore FTAs allows for temporary entry of professionals even if there is no domestic shortage. We are particularly concerned about the impact the increase of such professionals may have on technology related positions in California, whose current unemployment rate is largely comprised of skilled labor. It seems inappropriate for immigration policy to be negotiated through trade agreements that have a lasting impact and cannot be amended or corrected by legislation, should we subsequently find unintended consequences.

We are dismayed by statements that the Bush Administration plans to use the significantly flawed Singapore and Chile trade agreements as a template for future agreements such as the Central American Free Trade Agreement (CAFTA) and the Free Trade Area of the Americas (FTAA). Both CAFTA and FTAA would further impact California's legislative power at all levels of government in such areas as services, procurement, subsidies and regulatory powers and would include an investment chapter even more expansive than that currently being used to challenge California's MTBE policy.

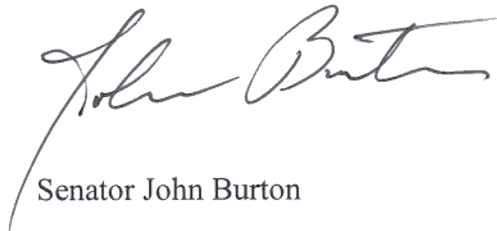
For these reasons, we urge you to vote no on the Chile and Singapore Free Trade Agreements, and send a signal to the Administration that future trade agreements based on these models are unacceptable.

Thank you for your attention to our concerns. We look forward to continuing to work with you towards the creation of trade and investment agreements that preserve the efficacy and integrity of our long standing democratic institutions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Liz Figueroa", with a long horizontal flourish extending to the right.

Senator Liz Figueroa

A handwritten signature in blue ink, appearing to read "John Burton", with a long horizontal flourish extending to the right.

Senator John Burton